



**Date:** August 18, 2008

**To:** City Manager for Council Action

**From:** Acting Director of Human Resources  
Director of Finance

**Subject:** **Revised** Clarification of Council Action at the July 15, 2008 Council Meeting Regarding Effective Date for Council Approving an Increase in the Health Insurance Premium Reimbursement of the 2001 Retiree Health Plan for the 2008 Calendar Year

### **EXECUTIVE SUMMARY:**

At the City Council meeting of July 15, 2008, the following motion was adopted:

"Motion was made by Caserta, seconded and carried, with Kennedy dissenting and Kolstad abstaining (retired City employee), that the Council approve the improved benefit for the 2001 Retiree Health Care Program retirees, effective July 1, 2008, to the level of the benefit of the 2003 Retiree Health Care Program, at a total additional cost of \$1.6 million (above the current program) over 30 years, establishing the financing over a 30-year period, including a cap on the current benefit for 65-year-old and over low income retirees in the 2001 Program, until the 2003 Program benefit catches up to the 2001 Program benefit."

The 2001 Retiree health insurance premium reimbursement plan reimburses retired employees for health insurance expenses on a calendar year basis. Currently, the City is in the process of reimbursing retired employees for medical expenses incurred during the calendar year 2007. The Retired Public Employees Association (RPEA) requested an effective date of July 1, 2008 for the improved program. The City requests that the City Council make the change for health insurance expenses incurred in the calendar year 2008. This means the change would be effective January 1, 2008 for health insurance expenses incurred in the calendar year 2008 and retirees would be reimbursed in 2009 for health insurance expenses incurred in calendar year 2008. This will avoid having to make double payments in one year. The staff has spoken with Mr. Larry Monette, President of the RPEA, and he concurs.

### **ADVANTAGES AND DISADVANTAGES OF ISSUE:**

Making this program change effective for the medical expenses incurred for the calendar year 2008 will avoid payments at two different rates in one year. There is no disadvantage.

### **ECONOMIC/FISCAL IMPACT:**

The financial impact remains the same as was outlined by staff at the City Council meeting of July 15, 2008.

Retiree Health Benefits

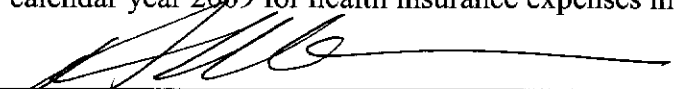
Approval of Improved Health Reimbursement of the 2001 Retiree Health Care Program

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**RECOMMENDATION:**

That the Council approve the clarification of Council Action at the July 15, 2008 Council Meeting regarding the effective date for Council approving an increase in the Health Insurance Premium Reimbursement of the 2001 Retiree Health Plan for the 2008 calendar year, revising Council action from an effective date of July 1, 2008 to an effective date of January 1, 2008. This means the retirees will be reimbursed at the new rate in calendar year 2009 for health insurance expenses incurred in calendar year 2008.

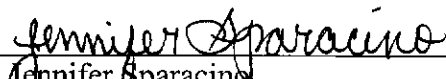


Alan Christenson  
Acting Director of Human Resources



Mary Ann Parrot  
Director of Finance

**APPROVED:**



Jennifer Sparacino  
City Manager